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U.S. BANKRUPTCY COURT
W.D. OF WA AT SEATTLE
BY________DEP CLK.

17

Honorable Marc L. Barreca

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re

ADAM R. GROSSMAN

NO. 10-19817

STATEMENT BY ADAM R. GROSSMAN RE: SUGGESTIONS MADE TO THE TRUSTEE TO ADMINISTER THE ESTATE FOR THE BENEFIT OF ALL CREDITORS

S/ADAM R. GROSSMAN/
5766 27TH AVE NE
SEATTLE, WA 98105
646-342-1994
BK@ADAMREEDGROSSMAN.COM

The trustee's proposed "Order Allowing Claims" (Docket #368) suggests that not a single dollar is expected to be paid to any unsecured creditor.

To document that other options have been available to the trustee during the course of these proceedings -- other options which may have and may still pay substantially more money to unsecured creditors that the trustee has proposed – I am describing some of the suggestions I have made to expedite these proceedings and maximize the amount of money available for the benefit of all creditors.

1. In part to show that I have sought to hasten these proceedings, on November 8, 2011, I suggested that I thought I could likely raise $185,000 to pay for the entire assets of the estate and that I thought a negotiated settlement among all parties was still possible. My suggestion was largely ignored.

2. Starting in July, 2012, I began to work diligently towards a solution, to be suggested to the trustee, for a way to pay the unsecured creditors a substantial fraction of their debt. See Exhibit "1".

3. On August 8, 2012, I and other people worked diligently to present a suggestion whereby unsecured creditors would be paid 50% of the face value of their claims within 30 days. See Exhibit "2".

4. On August 10, 2012, I and other people worked diligently to present a suggestion whereby unsecured creditors would be paid 50% of the face value of their claims within 90 days or 75% of the face value of their claims within 365 days. A financing entity would even pay 50% reimbursement to any payments the estate made to recognized unsecured creditors. See Exhibit "3".

S/ADAM R. GROSSMAN/
5766 27TH AVE NE
SEATTLE, WA 98105
646-342-1994
BK@ADAMREEDGROSSMAN.COM

5. On August 13, 2012, I and other people worked diligently to present similar suggestion except the reimbursement to the estate would be 2/3 of payments made to unsecured creditors. See Exhibit "4".

6. On August 14, 2012, Mark Wilson (who is not a bankruptcy attorney) received the first description of reasons why suggestions were not accepted or used as a basis in favor of a plan to pay $0 to all unsecured creditors. See Exhibit "5".

7. On August 22, 2012, Mark Wilson and several other people worked diligently to address the concerns of the trustee and make another suggestion that would reimburse 100% of all payments made by the estate to unsecured creditors and would allow any unsecured creditor to be paid in full at 100% if they were willing to wait 365 days. See Exhibit "6".

8. On August 31, 2012, a group of financial people suggested a plan in which not less than $175,000 would be paid to the estate and any unsecured creditor willing to wait 365 days would be paid in full based on the face value of their recognized claim. See Exhibit "7".

I believe that these suggestions made in good faith by many people offer very attractive alternatives to the current plan of the trustee which is to pay all unsecured creditors $0 – not even a single dollar, not a quarter, not a dime, not a nickel, not even a penny.

While I have assisted in the development of many of these suggestions, they do not represent my suggestions (except for the first one) and are group efforts which appear to be designed for the benefit of all creditors.

Dated September 10, 2012, signed in Seattle, WA.
s/Adam R. Grossman/

S/ADAM R. GROSSMAN/
5766 27TH AVE NE
SEATTLE, WA 98105
646-342-1994
BK@ADAMREEDGROSSMAN.COM

Exhibit "1"

The Honor Of Persistence For The Benefit Of All Creditors

Date: Aug 15, 2012 12:29 PM
From: < >

No questions. We don't care who buys [it]...

DENICE MOEWES
WOOD& JONES, P.S.
303 N. 67TH STREET
SEATTLE, WA 98103
206-623-4382

-------- Original Message --------
From: <Dmoewes@aol.com>
Date: Tue, Aug 7, 2012 at 3:36 PM

[T]o make an offer I need the basics: Who is making the offer?

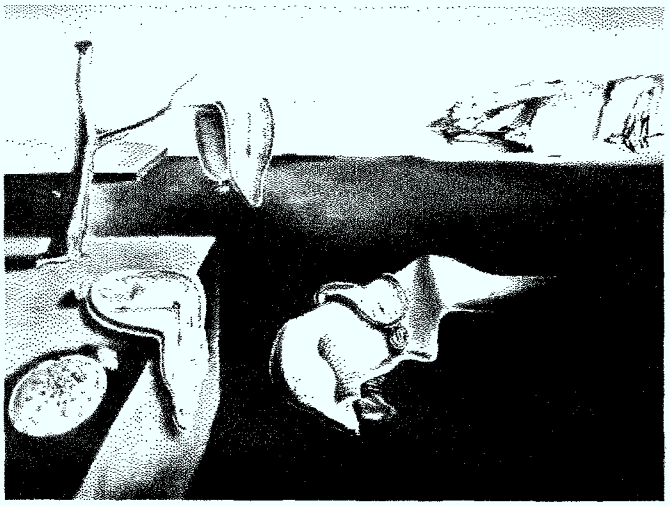
Date: Aug 11, 2012 8:02 AM
From: "Denice E. Moewes"<dmoewes@aol.com>

The offer was forwarded to the Trustee when I received it on Thursday. I have not talked to the Trustee because I have been out of town. I will talk to him on Monday.

DENICE MOEWES
WOOD& JONES, P.S.
303 N. 67TH STREET
SEATTLE, WA 98103
206-623-4382

-----Original Message-----
To: dmoewes<dmoewes@aol.com>
Sent: Fri, Aug 10, 2012 3:53 pm

Please forward our most recent proposal to the trustee immediately. Must I remind you that you owe at least that much to the creditors...? This is extremely time sensitive.



The Persistence Of Memory

Date: Mon, 6 Aug 2012 5:11:12
From: Denice E. Moewes <dmoewes@aol.com>

I didn't leave you a message.

-------- Original Message --------
To: Dmoewes <Dmoewes@aol.com>
Sent: Mon, Aug 6, 2012 5:02 pm

I got your message but haven't had a chance to reply

-------- Original Message --------
Date: Fri, 3 Aug 2012 4:59pm
From: dmoewes@aol.com

Hello, I am away until 08/13/2012 and am unable to read your message.

Date: Aug 9, 2012 3:49 PM
To: dmoewes<dmoewes@aol.com>

Dear Ms. Moewes,

I understand that you are unavailable... I would appreciate it if you would at least forward my e-mail...

-----Original Message-----
From: <Dmoewes@aol.com>
Date: Thu, Aug 9, 2012 at 3:40 PM

Hello, I am unavailable to read your message at this time.

DENICE MOEWES
WOOD& JONES, P.S.
303 N. 67TH STREET
SEATTLE, WA 98103
206-623-4382

-----Original Message-----
From: <Dmoewes@aol.com>
Date: Wed, Aug 8, 2012 at 5:54 PM

Just communicated with the Trustee. The settlement offer is rejected.

-------- Original Message --------
From: <Dmoewes@aol.com>
Date: Wed, Aug 8, 2012 at 2:03 PM

I received it and will not have a chance to talk to the trustee about it until Monday. I have forwarded it to him. That is all I have done and all I will do.

DENICE MOEWES
WOOD& JONES, P.S.
303 N. 67TH STREET
SEATTLE, WA 98103
206-623-4382

Exhibit 2

Here is an updated version. I would like to expand upon it with feedback from you and Mr. Brown:

A) **Who is making the proposal**: This proposal is submitted in the name of Mark J. Wilson, a Seattle attorney, as trustee and on behalf of a non-profit company ("non-profit") to be registered with the Secretary of State upon execution of the Agreement in Principle and formed for the purpose of acquiring the assets of 10-19817-MLB as erroneously defined[1] for the benefit of all creditors.

B) **Member-Owners, Purchase of the Estate:** The member-owners will be comprised entirely of general unsecured creditors. Their treatment is equal. Their benefit is proportional. Participation is 100% voluntary and at the sole discretion of each unsecured creditor.

C) **Member-Owners, Eligibility:** All recognized (post-objection) creditors are eligible to withdraw all or part of their claims in exchange for one share of the non-profit for each claim dollar they withdraw. All unrecognized creditors are eligible to buy (with dollars or financial aid) one share of the non-profit for each dollar purchased or received in financial aid.

D) **Member-Owners, Rights**: The non-profit by-laws,

1. Allow any owner-member to redeem with 30 days notice shares at 50% of face value.
2. Mandate that all voting, management, dividend, and redemption rights are equal
3. Mandate that all voting, management, dividend, and redemption benefits are proportional
4. All authority is vested exclusively in owner-members.
5. All voting is allowed exclusively by owner-members.
6. All dividends are paid exclusively to owner-members.
   No unsecured creditor is required to participate.
7. All unsecured creditors are eligible to participate.
8. Participation is 100% voluntary at their sole discretion.
9. All member-owners are assessed a one-time 0.75% processing fee that is proportional.

E) **Value of Purchase:** The total value of $695,000[2] is comprised of $100,000 (or more) of total monthly payments plus $595,000[3] of withdrawn recognized claims.[4] Monthly payments of twenty thousand dollars ($20,000) for five (5) months, first payment to be made two (2) days subsequent to the signing of this Agreement in Principle of points as outlined. (Two days from now would be Friday, August 10, 2012.) Total dollar value of estimated recognized unsecured claims remaining after other unsecured creditors have voluntarily withdrawn claims in exchange for shares is $150,000 or less. To support the accuracy of this estimate, the non-profit will pay to the estate the greater of $100,000 as stated or 50% of the total face value of the unsecured claims not withdrawn and receiving at least 25% payment for their claim.

F) **Closing Date For Estate**: This proposal can accommodate a closing date chosen by the trustee.

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[1] Including assets belonging to other people erroneously considered assets of the estate in 2010 and caused by an erroneous ruling of the Washington State Superior Court yet uncorrected.

[2] Estimated.

[3] Total after removing duplicates, overlapping claims adjusted. (est.)

[4] Total after removing duplicates, overlapping claims adjusted. (est.)

G) **Closing Date For Unsecured Creditors:** This proposal can accommodate a closing date chosen by the trustee, after which unsecured creditors will no longer be eligible to exchange their withdrawn claims for shares.

H) **Contingencies, Understanding, Definitions, Assumptions**

1. No contingency based on the number of unsecured creditors who wish to process their claims through the bankruptcy process, and no contingency based on the number of unsecured creditors who withdraw their claims from the bankruptcy estate and exchange the withdrawn claim for shares in the member-owned non-profit. The transaction will be completed regardless of whether any or all unsecured creditors choose to withdraw their claims.
2. All member-owners are paid dividends pro rata, proportionally, in equal seniority.
3. Estate will stay foreclosure actions.
4. Mortgages to be current on of the date of closing.
5. Lien secured loan status as implied by proposed claims order in docket.
6. Ms. Borodin to own 39th Ave NE property.
7. Mr. Grossman to assign beneficial interest upon request in manner requested for purpose of keeping existing mortgages on subject properties short-term.
8. Trustee to choose an amount of money which may be $0 such that: (i) 10% is deposited into escrow by estate as non-refundable EMD paid to non-profit or refunded to estate upon close of transaction; and (ii) money deposited into escrow by non-profit.
9. Trustee to choose an amount of money which may be $0 such that: (i) money is deposited into escrow by estate as non-refundable EMD paid to non-profit; and (ii) money is deposited into escrow by non-profit as non-refundable EMD paid to estate.
10. Formal approval of all terms signed by Trustee, Ron Brown.
11. Entry of Order of approval by the bankruptcy court.
12. The total payments to the estate not to be less than $200,000 less $1 for every second elapsed between the time this Agreement in Principle is received by the trustee or his attorney and the time either (a) an email of acceptance of this Agreement in Principle is received by Adam Grossman at 20120809@AdamReedGrossman.com followed by a paper confirmation signed and dated within 24 hours, or (b) a signed and dated copy of this Agreement in Principle is received by Mark J. Wilson in person or via fax at (206) 567-9827.

I, Ron Brown, Trustee, agree in principle to the terms and conditions stated herein.

ACCEPTED IN PRINCIPLE

Date: ______________________

____

Ron Brown, Trustee

Exhibit "3"

To: Denice E. Moewes <dmoewes@aol.com>

August 10, 2012
18:00 pm

A) **Who is making the proposal**: This proposal is submitted for Mark J. Wilson, a Seattle attorney, as trustee and on behalf of a non-profit company ("non-profit") to be registered with the Secretary of State upon execution of the Agreement in Principle. It is formed for the purpose of executing this transaction for the benefit of all creditors. The member-owners of the non-profit will be entirely comprised of unsecured creditors having an unpaid claim on assets described below.

B) **What is proposed to be purchased:** The non-profit proposes to purchase, receive abandoned and assgined, or otherwise acquire all rights, title, and interest in all assets of the estate 10-19817-MLB inclusive of disputed[1] assets.

C) **How much is paid out to unsecured creditors?**

	Bankruptcy Estate	5th Preferred Settlement[2] For the Benefit of All Creditors
Claims		
Normal	$0	$200,000[3] (unknown: 3-60 months)
90-day election	-	$150,000[4] (3 months)
365-day election	-	$200,000[5] (12 months)
50% Reimbursement Paid To Estate	-	$25,000[6]
TOTAL	$50,000	$575,000

D) **Total Value To Estate:** The total value of $675,000 is comprised of $100,000 (total monthly payments), $550,000[7] (withdrawn recognized claims[8]), and $25,000[9] (see "50% Payment Reimbursement To Estate" claims). Monthly payments of twenty thousand dollars ($20,000) for five (5) months, first payment to be made at the Closing Date For Estate.

E) **50% Reimbursement To Estatate**: The non-profit will reimburse to the estate the lesser of ½ of the face value or ½ of the dollar amount paid to unsecured creditors remaining in the estate upon receipt of the one-time application processing fee.

F) **Who is eligibile:** All recognized (post-objection) creditors are eligible to withdraw all or part of their claims in exchange for one share of the non-profit for each claim dollar they withdraw. All unrecognized creditors are eligible to buy (using dollars added to the non-profit's treasury) one share of the non-profit for each dollar.

G) **What are the rules for member-owners in the by-laws?**[10]

1. No requirement to participate.
2. Owner-members may redeem with 90 days notice shares at 1/2 of face value.
3. Owner-members may redeem with 365 days notice shares at 3/4 of face value.
4. All unsecured creditors having an unpaid claim are eligible to participate.
5. One-time application processing fee of 1% cash or 10% face value due upon enrollment.

H) **Closing Date For Estate**: This proposal can accommodate a closing date chosen by the trustee.

I) **Closing Date For Unsecured Creditors**: A closing date chosen by the trustee.[11]

J) **Contingencies, Understanding, Definitions, Assumptions**[12][13][14]

1. Letter from Banker available upon rrequest by trustee versify funding capacity
2. No dependence upon how may unsecured creditors opt-in.
3. Ms. Borodin to own 39th Ave NE property; same day escrow.
4. Mr. Grossman to assign beneficial interest upon request in manner requested for purpose of keeping existing mortgages on subject properties short-term.
5. Estate will stay foreclosure actions.
6. Mortgages to be current on of the Date of Closing.[15]
7. Secured loans have status implied by proposed Order Allowing Claims, Docket #368.
8. Formal approval of all terms signed by Trustee, Ron Brown.
9. Entry of Order of approval by the bankruptcy court.

K) **ACCEPTED IN PRINCIPLE**

I, Ron Brown, Trustee, agree in principle to the terms and conditions stated herein.

Date: ____________________________

____

Ron Brown, Trustee

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1 Including assets belonging to other people erroneously considered assets of the estate in 2010 and caused by an erroneous ruling of the Washington State Superior Court that remains yet uncorrected.
2 Before Discount.
3 Estimated.
4 Voluntary ½ Discount, 90-Day Acceleration.
5 Voluntary ¼ Discount, 365-Day Acceleration.
6 For Illustrative Purposes Only (does not exist here)
7 Estimated.
8 Total after removing duplicates, overlapping claims adjusted. (Estimated)
9 Estimated.

1. Voting, management, dividend, redemption rights are equal.
2. Voting, management, dividend, redemption benefits are proportional.
3. Owner-members exclusively vested with all authority including delegation.

11 After the Closing Date, unsecured creditors may no longer exchange their withdrawn claims for shares.
12 Optional:
No contingency related to the bankruptcy claims process.
Standard CAR / WA NWMLS for real estate, if not a sale, to be used for other checklists.
Trustee to choose an amount of money which may be $0 such that: (i) 10% is deposited into escrow by estate as non-refundable EMD paid to non-profit or refunded to estate upon close of transaction; and (ii) money deposited into escrow by non-profit.
Trustee to choose an amount of money which may be $0 such that: (i) money is deposited into escrow by estate as non-refundable EMD paid to non-profit; and (ii) money is deposited into escrow by non-profit as non-refundable EMD paid to estate.
13 No minimums regarding unsecured creditors withdrawing their claims.
No limits regarding unsecured creditors withdrawing their claims.

1. 14 This proposal will be terminated upon entry of an order in 10-19817 or related cases unless an extension is agreed to in writing.
2. This proposal will be reeived when this Agreement in Principle is received by the trustee or his attorney and will be accepted at the time either (a) an email of acceptance of this Agreement in Principle is received by Adam Grossman at 20120809@AdamReedGrossman.com followed by a printed copy signed and dated within 24 hours, or (b) a signed and dated copy of this Agreement in Principle is received by Mark J. Wilson in person or via fax at (206) 567-9828.

Exhibit 4

To: Denice E. Moewes <dmoewes@aol.com>

August 13, 2012
9:00 am
(v2)

A) **Who is making the proposal**: This proposal is submitted for Mark J. Wilson, a Seattle attorney, as trustee and on behalf of a non-profit company ("non-profit") to be registered with the Secretary of State upon execution of the Agreement in Principle. It is formed for the purpose of executing this transaction for the benefit of all creditors. The member-owners of the non-profit will be entirely comprised of unsecured creditors having an unpaid claim on assets described below.

B) **What is proposed to be purchased:** The non-profit proposes to purchase, receive abandoned and assigned, or otherwise acquire all rights, title, and interest in all assets of the estate 10-19817-MLB inclusive of disputed[1] assets.

C) **How much is paid out to unsecured creditors?**

	Bankruptcy Estate	5th Preferred Settlement[2] For the Benefit of All Creditors
Claims	-	
Normal	$30,000	$200,000[3] (unknown: 3-60 months)
90-day election	-	$150,000[4] (3 months)
365-day election	-	$200,000[5] (12 months)
Reimbursement Paid To Estate	-	$20,000[6]
TOTAL	$30,000	$570,000

D) **Total Value To Estate:** The total value of $670,000 is comprised of $100,000 (total monthly payments), $550,000[7] (withdrawn recognized claims[8]), and $25,000[9] (see "Reimbursements Paid To Estate" claims). Monthly payments of twenty thousand dollars ($20,000) for five (5) months, first payment to be made at the Closing Date For Estate.

E) **Reimbursement To Estate**: The non-profit will reimburse to the estate the lesser of 2/3 of the face value or 2/3 of the dollar amount paid to each unsecured creditor remaining in the estate upon receipt of the one-time application processing fee.

1 Including assets belonging to other people erroneously considered assets of the estate in 2010 and caused by an erroneous ruling of the Washington State Superior Court that remains yet uncorrected.

2 Before Discount.

3 Estimated.

4 Voluntary ½ Discount, 90-Day Acceleration.

5 Voluntary ½ Discount, 365-Day Acceleration.

6 For Illustrative Purposes Only (does not exist here)

7 Estimated.

8 Total after removing duplicates, overlapping claims adjusted. (Estimated)

9 Estimated.

F) **Who is eligible:** All recognized (post-objection) creditors are eligible to withdraw all or part of their claims in exchange for one share of the non-profit for each claim dollar they withdraw.[1]

G) **What are the rules for member-owners in the by-laws?**

(1) No requirement to participate.
(2) Owner-members may redeem with 90 days notice shares at 1/2 of face value.
(3) Owner-members may redeem with 365 days notice shares at 3/4 of face value.
(4) All unsecured creditors having an unpaid claim are eligible to participate.
(5) One-time application processing fee of 1% face value due upon enrollment.

H) ***Contingencies, Understanding, Definitions, Assumptions***[2,3]

(1) Closing Date For Estate: Chosen by Trustee.
(2) Closing Date For Unsecured Creditors: Chosen by Trustee.
(3) Banker shall provide letter confirming funding sufficient upon request.
(4) No dependence upon the level of unsecured creditors who opt-in.
(5) Ms. Borodin to own 39th Ave NE property; same day escrow.
(6) Mr. Grossman not to own property: same day escrow.[4]
(7) Estate will stay foreclosure actions.
(8) Mortgages to be current on of the Date of Closing[5]
(9) Secured loans have status implied by proposed Order Allowing Claims, Docket #368.
(10) Formal approval of all terms signed by Trustee, Ron Brown.
(11) Entry of Order of approval by the bankruptcy court.
(12) Trustee Fees implied as if full liquidation.

K) Accepted In Principle

This proposal will be terminated upon entry of an order in 10-19817 or related cases unless an extension is agreed to in writing. This proposal will be received when this Agreement in Principle is received by the Trustee or his attorney and will be accepted at the time either (a) an email of acceptance of this Agreement in Principle followed by a printed copy signed and dated within 24 hours, or (b) a signed and dated copy of this Agreement in Principle is received by Mark J. Wilson in person or via fax at (206) 567-9827.

I, Ron Brown, Trustee, agree in principle to the terms and conditions stated herein.

______________________________ ______________________________

Ron Brown, Solely in his role as Trustee Print Date

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1 All unrecognized creditors are eligible to buy (using dollars added to the non-profit's treasury) one share of the non-profit for each dollar.

2 Optional:

No contingency related to the bankruptcy claims process.

Standard CAR / WA NWMLS for real estate, if not a sale, to be used for other checklists.

Trustee to choose an amount of money which may be $0 such that: (i) 10% is deposited into escrow by estate as non-refundable EMD paid to non-profit or refunded to estate upon close of transaction; and (ii) money deposited into escrow by non-profit.

Trustee to choose an amount of money which may be $0 such that: (i) money is deposited into escrow by estate as non-refundable EMD paid to non-profit; and (ii) money is deposited into escrow by non-profit as non-refundable EMD paid to estate.

3 No minimums regarding unsecured creditors withdrawing their claims. No limits regarding unsecured creditors withdrawing their claims.

4 To assign, lease, option quit-claim, grant limited power of attorney, or co-operate upon in manner requested for purpose of extending financing for leases on a short-term basis.

Exhibit 5

WOOD & JONES

A Professional Service Corporation
710 Westlake Center
1601 Fifth Avenue
Seattle Washington 98101

Telephone:
(206) 623-4382
Fax:
(206) 224-4895

Jack Jones**
Denice E. Moewes*
Edmund J. Wood
*also admitted to practice in Maryland
** (1991)

August 14, 2012

Marc J. Wilson, Attorney
500 Union Street, #502
Seattle, WA 98101

Re: Adam Grossman
Case Number 10-19817

Dear Mr. Wilson:

The Trustee rejects your recent settlement offer dated August 13, 2012 for the reasons set forth below.

The actual cash to the estate per the settlement offer is only $100,000.000. The equity in Strauss Lane, Metro Way and Cottonwood is believed to be approximately $273,000. The equity in Montcrest appears to be $157,000. The Trustee will not transfer assets with equity of $430,000.00 in exchange for cash of $100,000.00 and no Court would approve any such settlement.

The withdrawal of $550,000.00 in claims filed is illusory. The claims were filed by Mr. Grossman. The trustee has objected to those claims and a hearing is noted on September 7, 2012. The Trustee is confident the Court will rule that none of the claims objected to constitutes an obligation of this estate. The offer to withdraw what we consider to be bogus claims totaling $550,000 for a credit of $550,000 is worthless. Further, even if the claims were deemed valid under Mr. Grossman's current offer the unsecured creditors would receive nothing. Withdrawing $550,000 of claims that are entitled to no distribution confers no benefit on the estate and results in zero value for the withdrawal of said claims.

Since under your current offer the unsecured creditors would receive nothing, your offer to return 2/3rds of the disbursements to the unsecured creditors to the trustee is worth zero.

We have no interest in the member-owners of the non-profit or the rules that apply thereto as the estate would never be involved in that.

There are several contingencies that are unacceptable.

- First of all, the estate will not agree to stay any foreclosure actions (J5).

- Secondly, the estate cannot bring the mortgages current prior to closing because we have no money to cure the delinquencies (J6).

- Thirdly, the contingency that Ms. Borodin is to own 39th Ave NE is unacceptable. She currently owns that property. However, if Montcrest gets brought into the estate, which appears to be contemplated by this offer, then so does 39th. We see no way around that (J3)

We don't understand contingencies J4 or J7.

Mr. Wilson, please enter a notice of appearance in this bankruptcy proceeding. Please also advise your client to cease his non-stop emails to my client. As relayed earlier, all communications must come through you.

Very truly yours,

/s/ Denice Moewes

Denice Moewes

Exhibit 6

To: Denice E. Moewes <dmoewes@aol.com>

August 22, 2012
10:00 am

A) Who is making the proposal: This proposal is submitted by Mark J. Wilson, an attorney from Seattle, Washington, as trustee and on behalf of a non-profit company ("non-profit") to be registered with the Secretary of State upon execution of the Agreement in Principle. It is formed for the purpose of executing this transaction for the benefit of all creditors. The owners of the non-profit will be entirely comprised of former unsecured creditors having an unpaid claim on assets described below who have withdrawn all or part of their claim voluntarily in exchange for an ownership interest in the non-profit.

B) What is proposed to be purchased: The non-profit proposes to purchase, receive abandoned and assigned, or otherwise acquire all rights, title, and interest in all assets and monies collected or claimed by the estate 10-19817-MLB inclusive of disputed[1] assets.

C) Proposed Payments To The Estate. Payments to the estate will be made in monthly increments of $25,000 starting with one payment to made into escrow immediately following acceptance of this Agreement In Principal. Prior to close of escrow a second payment will be made into escrow with instructions to be paid to the estate. On the same day of each successive month after the close of escrow, continuing monthly payments in the same amount[2] will be made until all of the following terms are satisfied:

Guaranteed Payments To The Estate - All Conditionn To Apply	
Total Amount	$140,000 (minimum) or more.
150% Reimbursement Recognized Creditors ($500,000 maximum)	150% of total amount paid by the estate to unsecured creditors who (i) are recognized by the trustee as unsecured creditors, (ii) have claims submitted in the estate 10-19817-MLB Western Washington as of date of this proposal; (iii) have claims not withdrawn; and (iv) have claimaint application and one-time application processing fee received by non-profit. This section will not apply if the total payments made to estate exceed $1/2m.
100% Reimbursement Unsecured Creditors (no limit)	Payments to the estate will be at least 100% of total amount paid to unsecured creditors who (i) have claims submitted in the estate 10-19817-MLB Western Washington as of date of this proposal; (ii) for an amount not withdrawn by claimaint; (iii) claimaint application and one-time application processing fee received by non-profit.

D) Who is eligible to participate as an owner of the non-profit?

Recognized Creditors: All creditors in the estate 10-19817-MLB Western Washington having an unpaid claim that is recognized by the trustee and having no objections filed as of the time this proposal is accepted are eligible to participate at the rate of $1 Payment Promise per $1 of face value of unsecured claim that is voluntarily withdrawn from the estate. (See "Payment Promise".)

Unrecognized Creditors: All creditors named in the estate 10-19817-MLB Western Washington having unpaid amounts whether or not recognized by the trustee and whether or

1 *Including assets erroneously considered to be part of the estate.*

2 The last payment may be smaller.

not any objections were filed as of the time this proposal is accepted are eligible to participate at the rate of $1 Payment Promise per $1 cash paid into the treasury of the non-profit upon close of escrow for unpaid amounts due. (See "Payment Promise".)

E) Payment Promise: See Exhibit "1".

F) Contingencies, Understanding, Definitions, Assumptions

1. Closing Date For Estate: Chosen by Trustee.
2. Closing Date For Unsecured Creditors: Chosen by Trustee.
3. Banker shall provide letter confirming funding upon execution of Agreement in Principle.
4. No dependence upon the level of unsecured creditors who opt-in.
5. Mr. Grossman not to own property upon request: same day escrow.[1]
6. "all assets" includes all real property over which estate has exercised control.
7. Mortgages to be current on of the Date of Closing[2]
8. Bank negotiations referenced in Docket #368 concluded as stated or impled.
9. Formal approval of all terms signed by Trustee, Ron Brown.
10. Entry of Order of approval by the bankruptcy court.
11. Trustee Fees paid implied as if full liquidation.

F) Bonded. The non-profit will be bonded to a degree required by the former-creditor owners.

G) Accepted In Principle

This proposal will be received when this Agreement in Principle is received by the Trustee or his attorney and will be accepted at the time either (a) an email of acceptance of this Agreement in Principle followed by a printed copy signed and dated within 24 hours, or (b) a signed and dated copy of this Agreement in Principle is received by Steven Rood. This proposal will be terminated upon entry of an order in 10-19817 or related cases unless an extension is agreed to in writing.

I, Ron Brown, Trustee, agree in principle to the terms and conditions stated herein.

_____________________________ _____________________________

Ron Brown, Solely in his role as Trustee Print Date

1 To assign, lease, option quit-claim, grant limited power of attorney, or co-operate upon in manner requested for purpose of extending financing for leases on a short-term basis.

2 To assist cash-flow needs to estate, non-profit to secure 0% line of credit for estate granting lender a security interest in rights to future payments.

Exhibit "1"

Payment Promise. At any time after the creditor has submitted an application and one-time application processing fee of 0.75% of the dollar amount claimed, unpaid, and qualifying under this proposal, the creditor may request payment to be paid within [N] days. The non-profit will schedule a payment in [N] days after the date this proposal is accepted in the amount of [N] multiplied by $1/365^{th}$ of 100% of the amount requested plus reasonable costs (attorneys fees), interest accruing at 1%/month as of the date this proposal is accepted.

Payment Promise Example. A creditor has an unsecured claim. Their claim is recognized, not objected to by the trustee, and in the estate as of today. The amount claimed is $5,000. The creditor may, but is not required to, withdraw the claim in whole or in part in exchange for up to 5,000 shares. Upon submitting an application and paying $37.50, the creditor may request a payment. If they request $5,000 paid in 25 days, the non-profit will schedule a payment of 6.8% (25/365 * 100%) of $342 to be paid in 25 days. If they request payment in 270 days, 74.0% (270/365 * 100%) of $5,000 = $3,699 to be paid in 270 days.

Why the Bankruptcy Court Should Find This Plan Appealing:

- This proposal treats all creditors proportionally, pro rata, and equally.
- Any creditor may participate and become a former-creditor owner of the non-profit.
- Any former-creditor owner may elect to receive payment at 100% in 365 days.
- The non-profit will be bonded pursuant to the directives of the member owners.
- No creditor is required to participate.
- Creditors can request trustee adopt a plan that makes optimal use of the reimbursements.

To: Ron Brown <rgblaw@nwlink.com> Exhibit 7

August 31, 2012
10:00 am

Agreement in Principle

A) Summary of Agreement: This Agreement in Principle proposes a voluntary alternative process which will be offered to all claimants having any claim to assets in the estate 10-19817 MLB. Each claimant may, at their sole discretion, choose either:

1. To process their claim through the standard bankruptcy claims process as administered by the trustee; or,
2. To waive all rights they may have within the bankruptcy process, withdraw any claims they may have, and become a member-owner of a yet-to-be-formed non-profit along with other similarly inclined claimants who together through the non-profit will purchase the assets of the estate for the purpose of apportioning, partitioning, selling, refinancing, or otherwise dividing the purchased assets and distributing them proportionally to all of the member-owners of the non-profit for the benefit of all creditors.

B) Who is making the proposal: This proposal is submitted on behalf of a yet-to-be-formed non-profit company ("non-profit") whose registration will be filed immediately upon execution of this Agreement in Principle. Several creditors have agreed in principle to act as interim trustee of the non-profit upon acceptance of the Agreement in Principle.

C) Scheduled Payments To The Estate:

Payments To The Estate	
Start Date	Immediately[1]
Frequency	Monthly: on the 1st of each month
Each Payment	$20,000[2]
Total Not More Than	$50,000 per property included in sale
Total Not Less Than	$175,000
Total Not Less Than	➢ all payments ➢ paid by the estate ➢ paid to any creditor ➢ after creditor has completed reimbursement application ➢ after creditor has paid one-time 0.75% application processing fee

D) Who is eligible to participate as an owner of the non-profit? All claimants in the estate 10-19817-MLB Western Washington having an unpaid claim that is recognized by the trustee and having no objections filed as of the time this proposal is accepted are eligible to participate at the rate of $1 Payment Request per $1 of face value of unsecured claim that is voluntarily withdrawn from the estate. Claimants not recognized by the trustee may participate at the rate of $1 Payment Request per $1 Cash paid into the treasury of the non-profit.

1 Immediately upon acceptance of this Agreement in Principle.

2 The last payment may be smaller.

E) Selected Details

1. Non-profit to purchase all assets claimed, disputed, collected, or entitled.[1]
2. Estate to guarantee clean title.
3. Trustee to choose a title company, escrow agent, and date to close escrow.
4. Estate to receive banker's confirmation of funds availability.[2]
5. Number of claimants opting to participate shall not vary these terms.
6. Mr. Grossman to comply with all requests by non-profit.[3]
7. Mortgages to be paid current at close of escrow.[4]
8. Bank negotiations referenced in Docket #368 are successful.
9. Detailed final agreement drafted and signed.
10. Detailed final agreement approved by the bankruptcy court.
11. Trustee Fees to be paid by the non-profit implied as if fully administered.
12. Estate to pay SEC-required, CPA-prepared, GAAP-compliant fund accounting.[5]
13. Non-profit to be bonded in accordance with vote by member-owners.
14. Any order in 10-19817 or related cases shall terminate this proposal.[6]

F) Proposed Payments To The Member-Owners. At any time after the creditor has submitted an application and one-time application processing fee of 0.75% of the dollar amount claimed, unpaid, and qualifying under this proposal, the creditor may request payment to be paid within [N] days. The non-profit will schedule a payment in [N] days after the date this proposal is accepted in the amount of [N] multiplied by 1/365th of 100% of the amount requested plus reasonable costs for attorney fees plus interest accruing at 1%/month as of the date this proposal is accepted. For example, a creditor with a $5,000 claim opts out of the bankruptcy claim process and submits an application and one-time application processing fee of 0.75% ($37.50) of the dollar amount claimed. The creditor may request a payment in,

25 days for	$342	(25/365	=	7% of $5,000)
100 days for	$1,368	(100/365	=	27% of $5,000)
250 days for	$3,420	(250/365	=	68% of $5,000)
365 days for	$5,000	(365/365	=	100% of $5,000)

G) Reasons The Bankruptcy Court Will Like This Proposal

- Creditors treated proportionally, pro rata, and equally.
- Creditors may participate, or not, at their sole discretion.
- Creditors may be paid 100% of the face value of their claim by waiting.
- Creditors are not required to participate.

I, Ron Brown, Trustee, agree in principle to these terms and conditions.

________________________________ ________________________________

Ron Brown, Solely in his role as Trustee   Print   Date

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1 All assets including five (5) real properties located at 39th Ave, Strauss Lane, Metro Way, Montcrest Dr, and Glennview Dr and all monies collected or entitled. An adversarial complaint will be initiated to recover properties the trustee has so far refused to request turnover.

2 Upon execution of this Agreement in Principle.

3 Assigning, leasing, optioning, quit-claiming, granting limited power-of-attorney, and co-operating in any manner upon request of the non-profit.

4 To assist cash-flow needs to estate, non-profit to secure 0% line of credit for estate granting lender a security interest in rights to future payments.

5 To assist cash-flow needs to estate, non-profit to secure 0% line of credit for estate granting lender a security interest in rights to future payments.

6 An agreement in writing may extend the duration of this proposal.